

REQUEST FOR COUNCIL ACTION

MEETING

DATE: 8/4/03

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AGENDA SECTION: CONSENT AGENDA	ORIGINATING DEPT: Administration	ITEM NO. D-2
ITEM DESCRIPTION: PROPOSED PERSONNEL POLICY RE: LEAVE CREDIT IN LIEU OF COMPENSATION		PREPARED BY: S. KVENVOLD

The Personnel Advisory Committee (PAC) consisting of Councilmembers Hanson, Stobaugh, and McConnell reviewed the proposed personnel policy at their 7/23/03 meeting and recommended, on a 2/1 vote, that the Mayor and City Council adopt the policy as proposed.

The proposed policy would provide a procedure for the establishment of an authorized salary and the granting of a leave credit in lieu of compensation for an employee whose actual compensation is restricted by the State Compensation limit.

Dakota County and the City of St. Louis Park have adopted similar policies.

COUNCIL ACTION REQUESTED:

Request a motion adopting the prepared resolution which authorizes the personnel policy as proposed.

COUNCIL ACTION: Motion by: _____ Second by: _____ to: _____

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DRAFT
City of Rochester Policy
Leave Credit in
Lieu of Compensation
Above the Governor's Salary Cap

Each employee will be paid that portion of the employee's assigned salary that is permitted by law to be paid. An employee whose salary exceeds an amount permitted by law to be paid is entitled to receive leave hours in lieu of that portion of the salary that is not permitted by law to be paid. The amount of leave hours will be calculated utilizing the employee's actual annual rate of pay established pursuant to the applicable compensation policy and plan. The City Administrator or Department Head is authorized to establish the assigned salary using the provisions of the applicable collective bargaining or meet and confer agreement.

Once an employee's nominal salary has been reached or exceeds the salary cap for his/her position, his/her hourly rate of pay will be the salary cap for the position divided by 2080 hours (the "capped hourly rate").

As the employee will be paid based on a "capped" hourly rate, annual earnings will not match the annual salary cap for the position.

Example:

Salary cap = $\$114,288 / 2080$ annual hours = $\$54.946$ = "capped" hourly rate
26 payrolls = $\$54.946 \times 80$ hrs/pay period = $\$4,395.68 \times 26$ pay periods =
 $\$114,287.68$
27 payrolls = $\$54.946 \times 80$ hrs/pay period = $\$4,395.68 \times 27$ pay periods =
 $\$118,683.36$

When an employee leaves employment with the City, all severance will be paid at the capped hourly rate.

Each employee will receive leave credits in lieu of all compensation, which exceeds the salary cap for his/her position, as discussed earlier. Leave hours will be credited at the time the City Administrator or Department Head establishes the assigned salary for the employee whose salary exceed the amount permitted by law to be paid. If an employee who has been awarded leave in lieu of compensation pursuant to this policy terminates employment, the employee's leave hours accrual will be prorated accordingly.

Leave Credit Computation

Leave hours in lieu of annual salary will be credited for the difference between the nominal hourly rate and the capped hourly rate. The computation formula is:

$$\begin{aligned} & (\text{nominal hourly rate} - \text{capped hourly rate}) \times \# \text{ of hours employee was paid at the} \\ & \text{capped rate} = x \\ & x / \text{capped hourly rate} = \text{Leave hours to be credited} \end{aligned}$$

Example:

Nominal salary = \$120,000/2080 annual hours = \$57.692 = nominal hourly rate

Salary cap = \$114,288/2080 annual hours = \$54.946 = capped hourly rate

26 payrolls = (\$57.692 - 54.946) X (80 hrs/pay period X 26 pay periods = 2080)
= \$5,711.68/\$54.946 = 103.95 hours

27 payrolls = (\$57.692 - 54.946) X (80 hrs/pay period X 27 pay periods = 2160)
= \$5,931.36/\$54.946 = 107.95 hours

